

FIG. 1

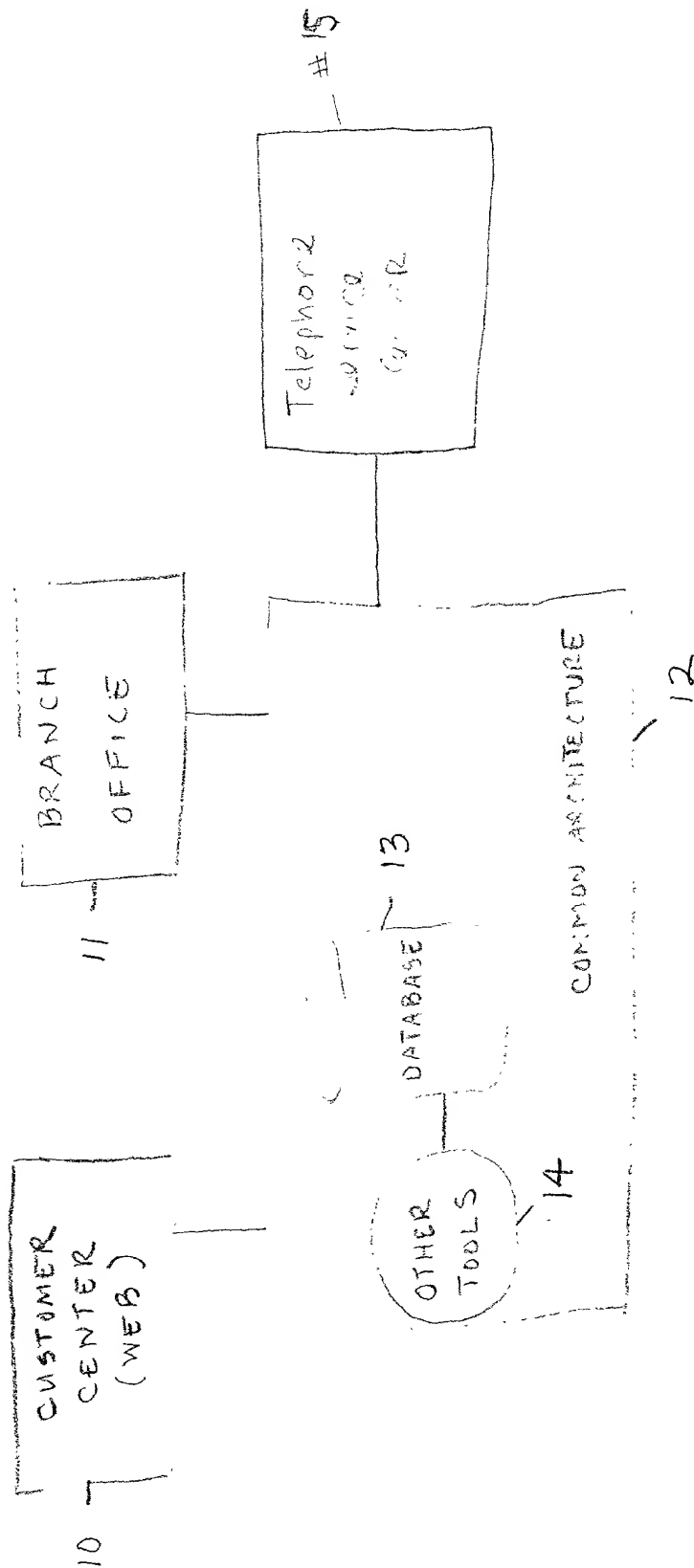


Fig. 1

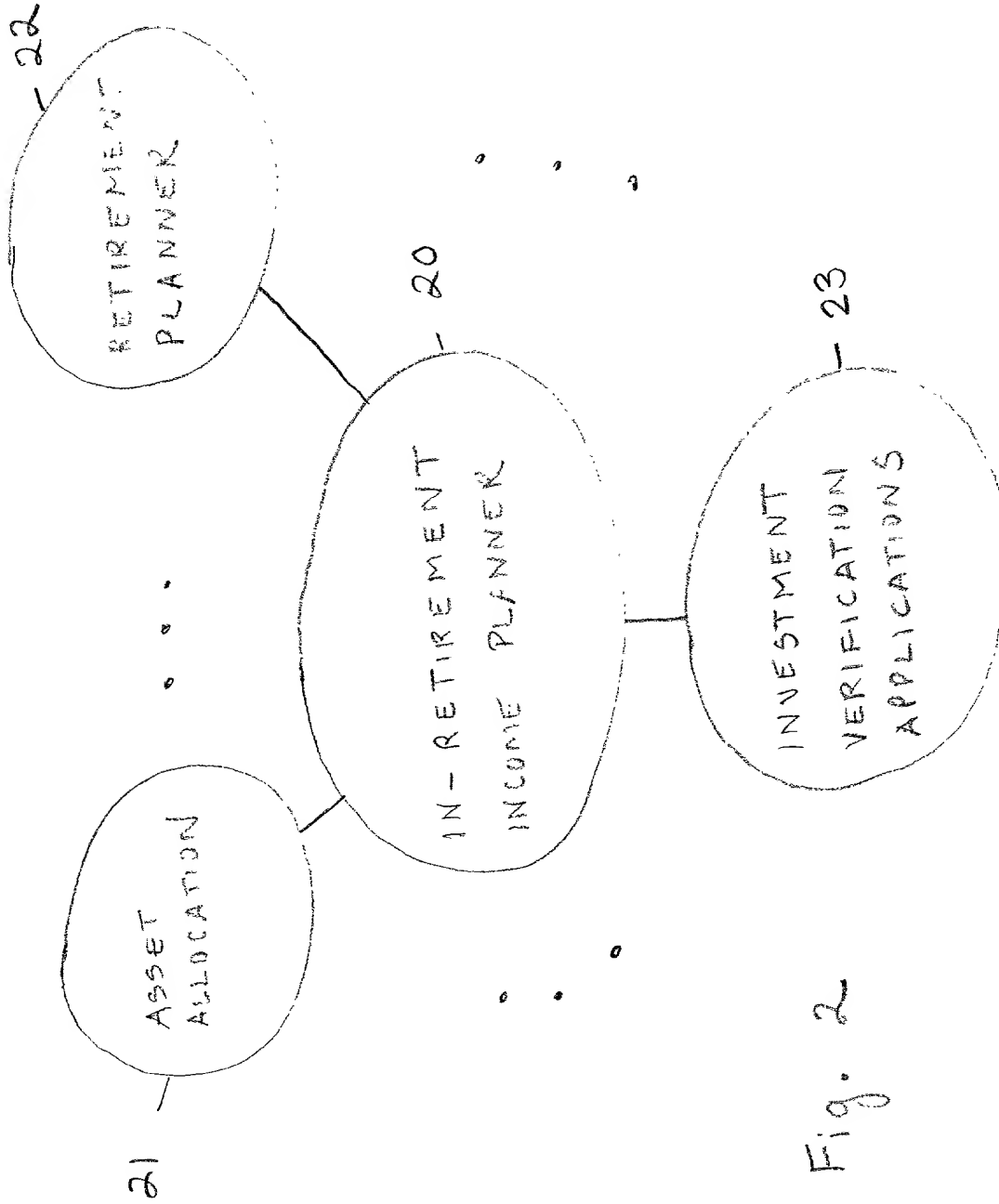


Fig. 2

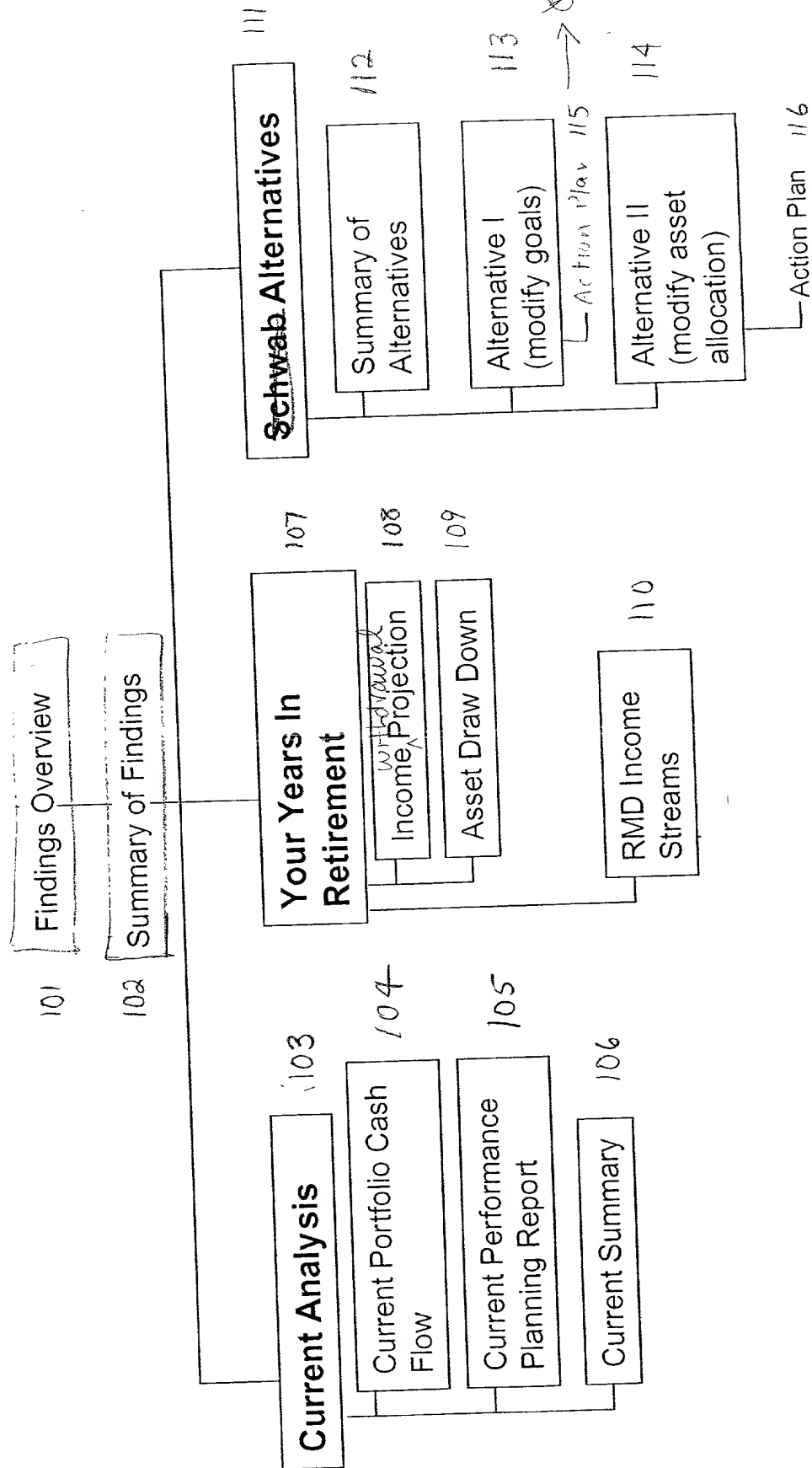


Fig. 4

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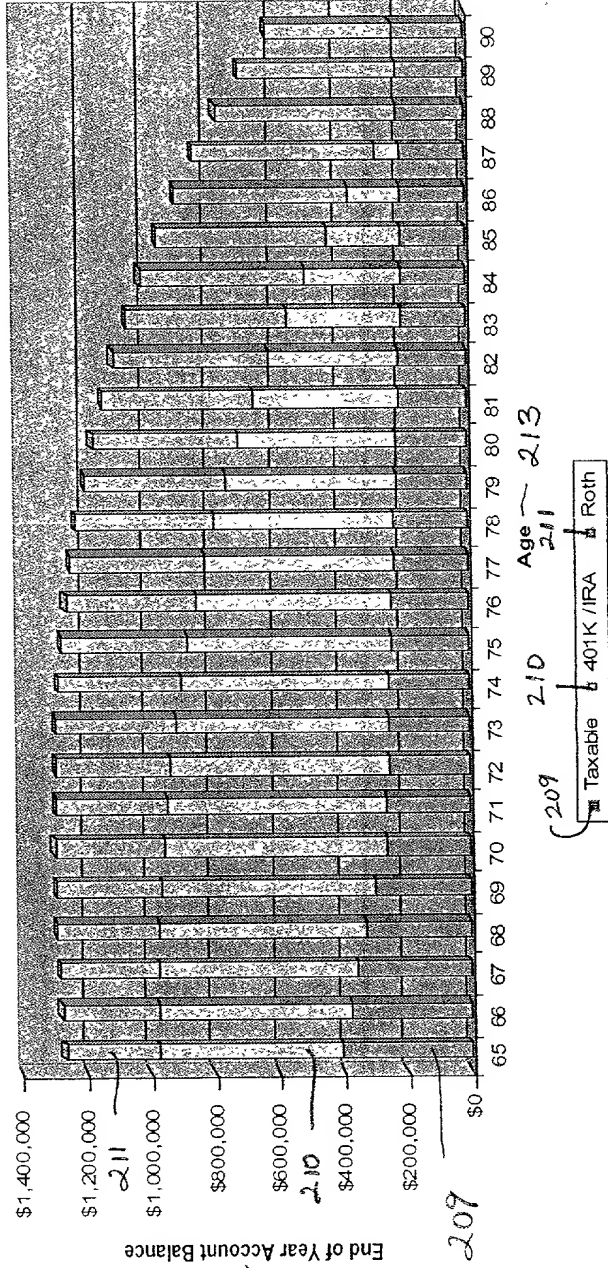
# Findings Overview

Prepared for: Susanna Sample  
August 5, 2000

## Current Analysis

Facts	Current Analysis
201 Income Goal	\$110,000
202 Estate	\$590,000
203 Years in Retirement	25 years
204 Asset Allocation	unchanged
205 Likelihood of success	75%

## Investment Asset Draw Down



1-19.5

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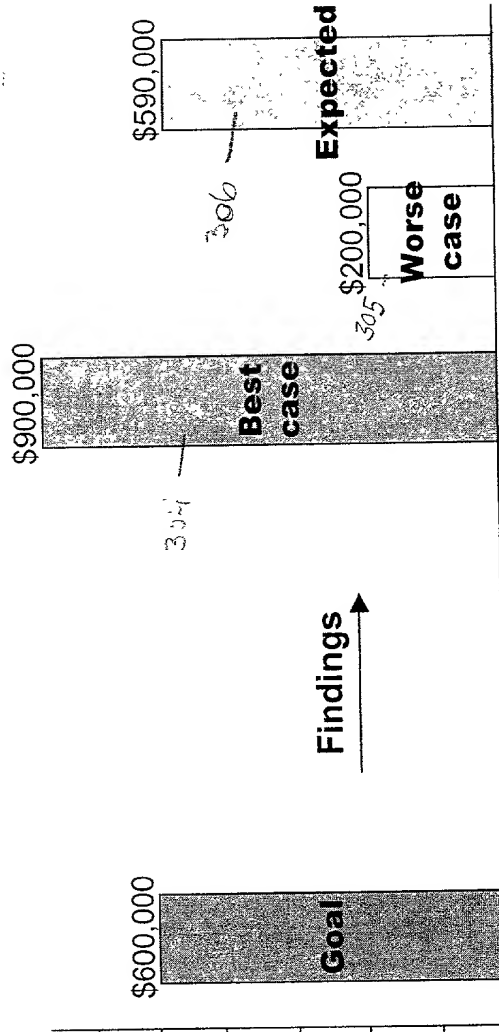
Prepared for: Susanna Sample  
August 5, 2000

## Summary of Findings

Based on your stated income, estate and years in retirement goals and your current portfolio allocation, Schwab's analysis shows that you have **a 75 % chance of meeting your estate goal in retirement**. Listed below is a summary of Schwab's analysis of your current situation. Your Schwab Investment Specialist can help you evaluate the findings, and help you determine the best course of action to meet your needs.

### Estate Goal

There is a 75% chance that you will be able to achieve an estate of \$590,000 which is slightly lower than your stated goal.



Schwab Confidential

Your current portfolio is projected to provide you with \$100,000 in cash flows from dividend and interest payments as well as non-fluctuating sources of income annually. This leaves you with a **\$10,000 income gap** to meet your annual income goal of \$110,000.

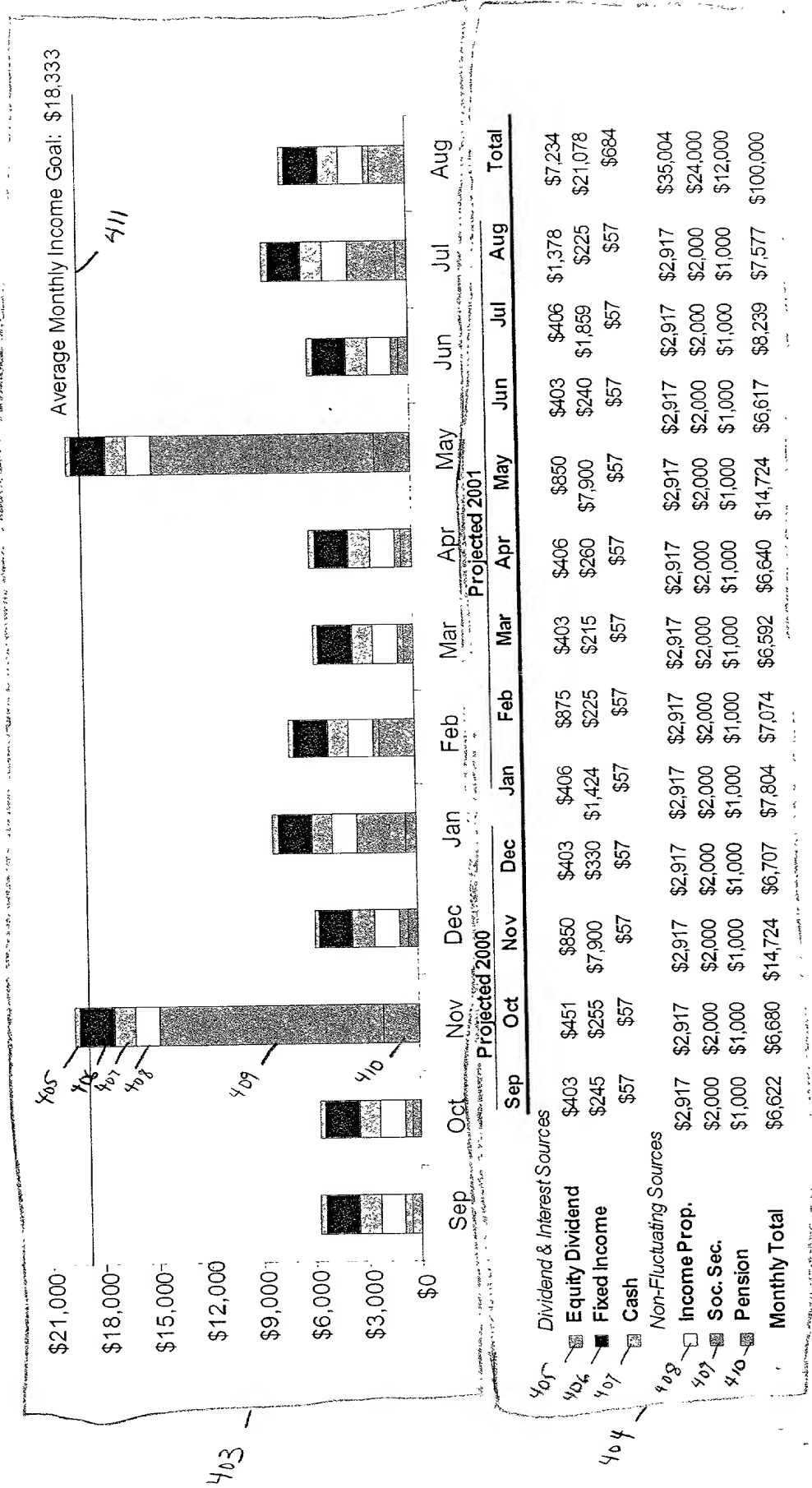


Fig 6b

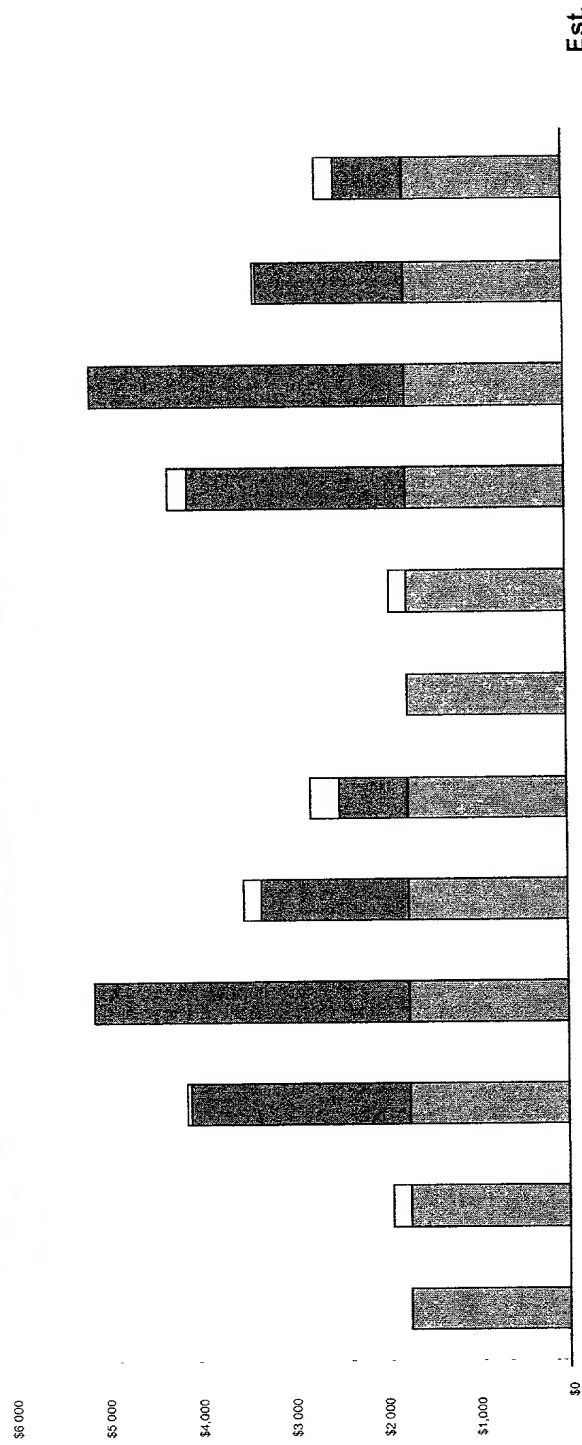
## Investment Income Flow Analysis for John Sample

April 30, 2001

Accounts Included: 1234-5678, 8765-4321

Total Value of Accounts: \$408,762.74

Estimated Annual Cash Flow: \$39,737.00



Est.

Annual  
Cash  
Flow

Estimated Monthly	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Annual Cash Flow
Equity Cash Flow	\$0	\$187	\$46	\$0	\$187	\$321	\$0	\$187	\$211	\$0	\$32	\$211	\$1,380
Fixed Income Cash Flow	\$0	\$0	\$2,356	\$3,390	\$1,594	\$738	\$0	\$0	\$2,356	\$3,390	\$1,594	\$738	\$16,155
Other Cash Flow	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725	\$20,700
Cash Flow Subtotal	\$1,725	\$1,912	\$4,127	\$5,115	\$3,506	\$2,783	\$1,725	\$1,912	\$4,292	\$5,115	\$3,351	\$2,673	\$38,235
Mutual Fund Cash Flow	\$23	\$18	\$235	\$33	\$24	\$110	\$24	\$21	\$427	\$20	\$21	\$80	\$1,037
Total Cash Flow	\$1,748	\$1,930	\$4,362	\$5,148	\$3,530	\$2,893	\$1,749	\$1,933	\$4,718	\$5,135	\$3,371	\$2,753	\$39,272

Fig. 7 501

THE "GOLDEN"

Prepared for: Susanna Sample  
August 5, 2000

# Current Performance Planning Report

Data as of August 4, 2000 except where noted below.

502

502

Security	Projected Annual Cash Flow	Approx. Current Yield	Average Annual Total Returns				Approx. Current Value	Divid. Re-Invest.
			As of latest quarter end (June 30, 2000)					
			1-Year	5-Year	10-Year	Since Inception		
American Gen. Pref.	\$5,005	6.4%	8.3%	8.5%	8.4%		\$78,000	N
Schwab Bond Fund	\$4,378	6.2%	6.0%	6.1%	--	5.9% (09/1993)	\$71,000	Y
Lehman Agg. Bond Index		5.0%	2.5%	7.2%	6.8%			
Treasury Bill	\$16,700	4.8%	5.4%	5.4%	5.4%		\$345,000	N
Lehman Municipal Bond Index		4.5%	0.5%	6.5%	7.1%			
IBM	\$680	1.8%	82.0%	28.7%	27.1%		\$37,150	N
SchwabOne Account	\$684	1.6%	1.7%	26.2%	30.0%		\$42,000	Y
Chevron	\$1,244	1.6%	11.0%	17.8%	14.2%		\$78,000	Y
S&P 500 Index		1.3%	20.0%	26.0%	29.0%			
Citicorp	\$140	0.5%	41.0%	33.7%	35.0%		\$25,750	N
Ford Motors	\$165	0.2%	21.0%	23.0%	25.0%		\$75,000	Y

and principal

Your total projected annual cash flow may not entirely close the cash flow gap between your income goal and your non-fluctuating sources of cash flow. In this case you may need to rely on capital gains to meet any remaining cash flow gap. This table allows to you assess the approximate current yield and total return information in order to determine which holdings are providing you with cash flows versus growth required to meet your lifestyle goals in retirement.

505



## Current Summary

Approximately 65% of your income in retirement will come from *non-fluctuating* sources of income. These are sources such as rental property, social security and pension payments not invested in securities. The difference between your income goal and your non-fluctuating sources of income will need to be met by your security investments. Your Schwab Investment Specialist can assist you in evaluating your investments and the two sources of income they provide -- dividends and interest generated by your investments and capital gains generated by the sale of a portion of your investments. Your Investment Specialist can also help you determine the best course of action to meet your needs.

**Available Dividend & Interest Cash Flow:**

Total Cash Flow	\$22,525
Currently Re-invested Cash Flow	\$ 6,471
Total Available Cash Flow	<u>\$ 28,996</u>

### Cash Flow Breakdown:

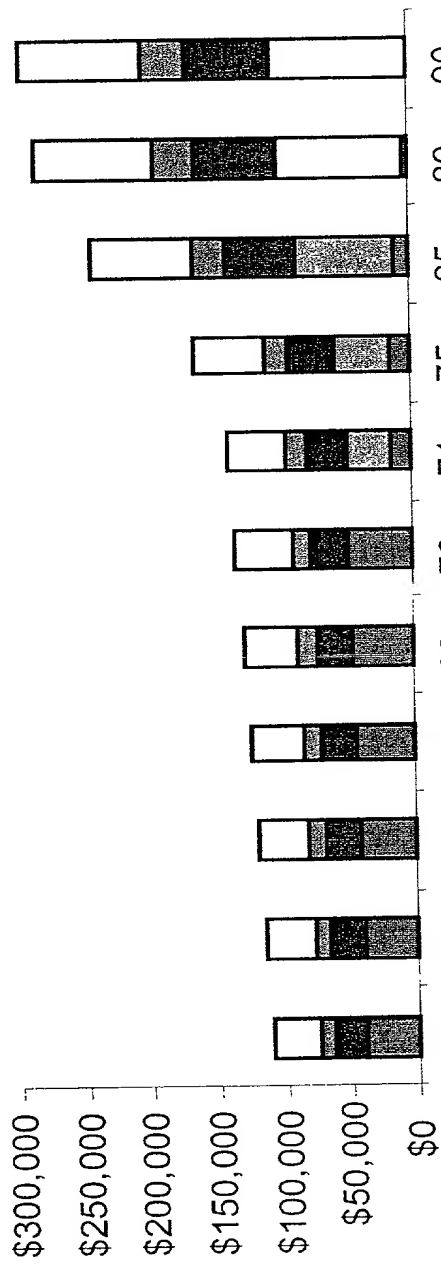
Dividend & Interest Sources	\$28,996
<u>Non-Fluctuating Sources</u>	<u>\$71,004</u>
Total Cash Flow	\$100,000
<u>Annual Income Goal</u>	<u>\$110,000</u>
<b><i>Shortfall to be met by Capital Gains</i></b>	
	<b>\$10,000</b>

Fig. 9

Prepared for: Susanna Sample  
August 5, 2000

# Your In-Retirement Income Projection

To maximize the likelihood of meeting your lifestyle goal in retirement, Schwab recommends that you follow a tax-savvy/smart withdrawal strategy. The table below outlines the income stream withdrawal strategy that may best meet your goals.



Income Streams		AGE											
Income Goal (inclusive of 4% inflation)		65	66	67	68	69	70	71	75	80	85	90	90
Investment Income Sources													
Taxable Accounts		\$39,000	\$40,560	\$42,182	\$43,870	\$45,624	\$47,449	\$5,852	\$11,010	\$41,870	\$0	\$0	\$0
401K/Trad'l IRA Accounts		\$0	\$0	\$0	\$0	\$0	\$0	\$43,495	\$46,720	\$43,584	\$103,968	\$0	\$0
Roth IRA Accounts		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non Fluctuating Income Sources													
Social Security		\$24,000	\$24,960	\$25,958	\$26,997	\$28,077	\$29,200	\$30,368	\$35,526	\$52,587	\$63,980	\$63,980	\$63,980
Pension		\$12,000	\$12,480	\$12,979	\$13,498	\$14,038	\$14,600	\$15,184	\$17,763	\$26,293	\$31,990	\$31,990	\$31,990
Income Property		\$35,000	\$36,400	\$37,856	\$39,370	\$40,945	\$42,583	\$44,286	\$51,809	\$76,689	\$93,304	\$93,304	\$93,304

\*This withdrawal strategy accesses income from both investment dividends and interest as well as capital gains.

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Your Asset Draw Down

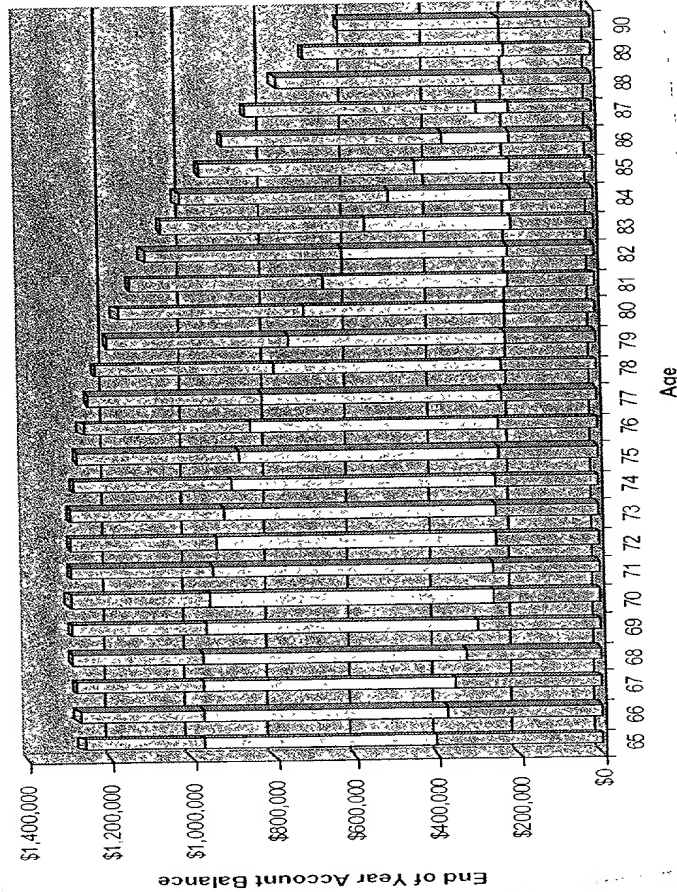
Prepared for: Susanna Sample

August 5, 2000

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802

# Investment Asset Draw Down



Your Estate

## Year End Account Balance

Age	Taxable	401K /IRA	Roth	Total Assets
65	\$405,300	\$572,000	\$293,550	\$1,270,850
66	\$382,977	\$594,880	\$302,357	\$1,280,214
67	\$357,834	\$618,675	\$311,427	\$1,287,937
68	\$329,663	\$643,422	\$320,770	\$1,293,855
69	\$298,240	\$669,159	\$330,393	\$1,297,793
70	\$263,330	\$695,925	\$340,305	\$1,299,561
71	\$260,776	\$688,012	\$350,514	\$1,299,302
72	\$257,672	\$678,147	\$361,029	\$1,296,849
73	\$254,068	\$666,095	\$371,860	\$1,292,023
74	\$250,034	\$651,588	\$383,016	\$1,284,637
75	\$245,670	\$634,318	\$394,507	\$1,274,494
76	\$241,112	\$613,930	\$406,342	\$1,261,385
77	\$236,135	\$590,420	\$418,532	\$1,245,088
78	\$231,320	\$562,965	\$431,088	\$1,225,373
79	\$226,455	\$531,522	\$444,021	\$1,201,997
80	\$221,779	\$495,582	\$457,341	\$1,174,703
81	\$216,959	\$455,195	\$471,062	\$1,143,216
82	\$212,929	\$409,133	\$485,193	\$1,107,255
83	\$209,368	\$357,403	\$499,749	\$1,066,520
84	\$206,662	\$299,294	\$514,742	\$1,020,698
85	\$205,310	\$233,968	\$530,184	\$969,462
86	\$205,955	\$160,428	\$546,089	\$912,473
87	\$208,051	\$78,845	\$562,472	\$849,368
88	\$212,196	\$0	\$567,687	\$779,884
89	\$219,155	\$0	\$485,332	\$704,487
90	\$220,000	\$0	\$370,000	\$590,000

119-11 901

100190 OCT0860  
RMD Income Streams

Prepared for: Susanna Sample  
August 5, 2000

Traditional IRA/401K

Age	IRS		Actual Withdrawal	Year-End Balance
	Minimum	Expected		
65	\$0		\$0	\$572,000
66	\$0		\$0	\$594,880
67	\$0		\$0	\$618,675
68	\$0		\$0	\$643,422
69	\$0		\$0	\$669,159
70	\$0		\$0	\$695,925
71	\$34,375		\$34,375	\$688,012
72	\$35,948		\$35,948	\$678,147
73	\$37,671		\$37,671	\$666,095
74	\$39,568		\$39,568	\$651,588
75	\$41,667		\$41,667	\$634,318
76	\$44,000		\$44,000	\$613,930
77	\$46,219		\$46,219	\$590,420
78	\$49,107		\$49,107	\$562,965
79	\$51,887		\$51,887	\$531,522
80	\$55,000		\$55,000	\$495,582
81	\$57,895		\$57,895	\$455,195
82	\$61,798		\$61,798	\$409,133
83	\$65,476		\$65,476	\$357,403
84	\$69,620		\$69,620	\$299,294
85	\$74,324		\$74,324	\$233,968
86	\$79,710		\$79,710	\$160,428
87	\$84,616		\$84,616	\$78,845
88	\$78,845		\$78,845	\$0
89	\$0		\$0	\$0
90	\$0		\$0	\$0

As you reach 70 1/2, you are required by the IRS to begin taking distributions from your IRA. Your required minimum distribution (RMD) is based on the total value of your Traditional, Rollover, SIMPLE and SEP-IRAs at the end of the previous year and the calculation method you select.

Based on the value of your tax deferred assets (IRAs and 401K) and your minimum distribution calculation method\*, your actual distributions and the IRS mandated minimum distributions from your tax deferred accounts will not vary.

\* The single life/recalculation method was used to calculate your required minimum distribution in order to achieve your stated goal of minimizing taxes in retirement.

119.12

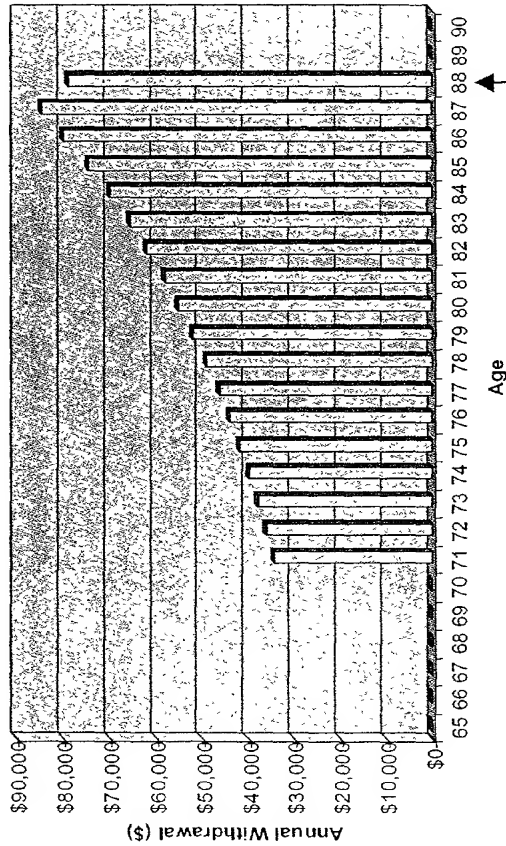
1001

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August 5, 2000

## RMD Income Streams (con't)

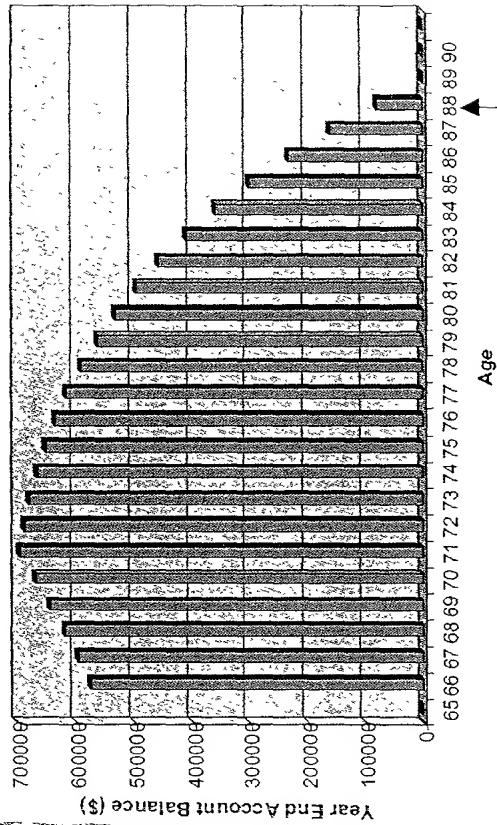
Annual 401K/IRA Withdrawals



Using the single/recalculation IRA distribution method, you will fulfill your IRS obligations while minimizing your taxes in retirement.

1002

Year End 401K/IRA Account Balance



Based on your distribution method\*, your tax deferred assets will last until your 88th year.

\* Single Life/Recalculation method.

1003

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1102 1105 1102

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August 5, 2000

## Summary of Alternatives

1103

1104

1105

1102

Facts	Current Analysis	Schwab Alternative I	Schwab Alternative II
<ul style="list-style-type: none"> <li>Income Goal</li> <li>Estate</li> <li>Years in Retirement</li> <li>Asset Allocation</li> <li>Likelihood of success</li> </ul>	\$110,000 \$590,000 25 years unchanged 75%	\$110,000 \$478,850 25 years unchanged 95%	\$110,000 \$620,000 25 years moderate 95%
Pros	<ul style="list-style-type: none"> <li>meet income goal with 75% certainty</li> </ul>	<ul style="list-style-type: none"> <li>increase probability of meeting in-retirement goals to 95%</li> </ul>	<ul style="list-style-type: none"> <li>increase probability of meeting in-retirement goals to 95%</li> <li>increases likely estate left</li> </ul>
Cons	<ul style="list-style-type: none"> <li>fall below desired estate goal of \$600,000</li> </ul>	<ul style="list-style-type: none"> <li>requires the relaxing of one of your goals -- estate</li> </ul>	<ul style="list-style-type: none"> <li>requires assuming a greater level of risk with your asset allocation and may expose you to a greater degree of volatility in your portfolio's performance</li> </ul>

1106

1107



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1201

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Prepared for: Susanna Sample  
August 5, 2000

# Alternative I: Modify Goal

By relaxing your estate goal, you may increase the likelihood of meeting your lifestyle goal from 75% to 95%.

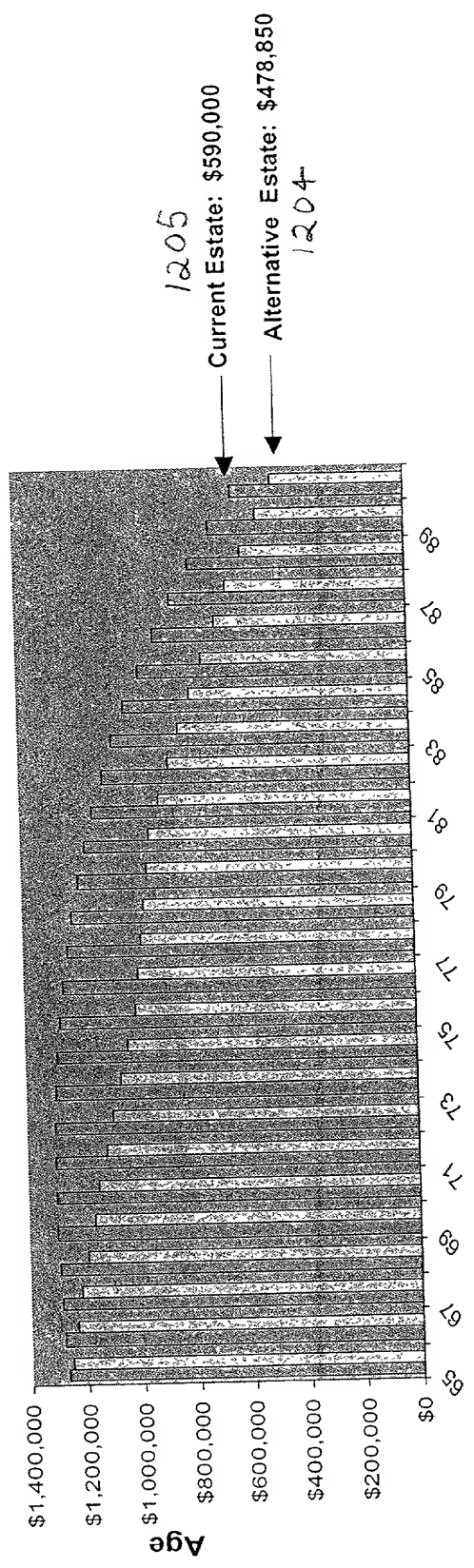
## Your Current Analysis

<b>\$590,000</b>	<b>Estate</b>	<b>\$478,850</b>
25 years	Years In Retirement	25 years
\$110,000	Income Goal	\$110,000
unchanged	Asset Allocation	unchanged
<b>75%</b>	<b>Likelihood of Success</b>	<b>95%</b>

## Schwab Alternative I

1202

## Modified Asset Draw Down



## Year End Account Balance

1205

1204

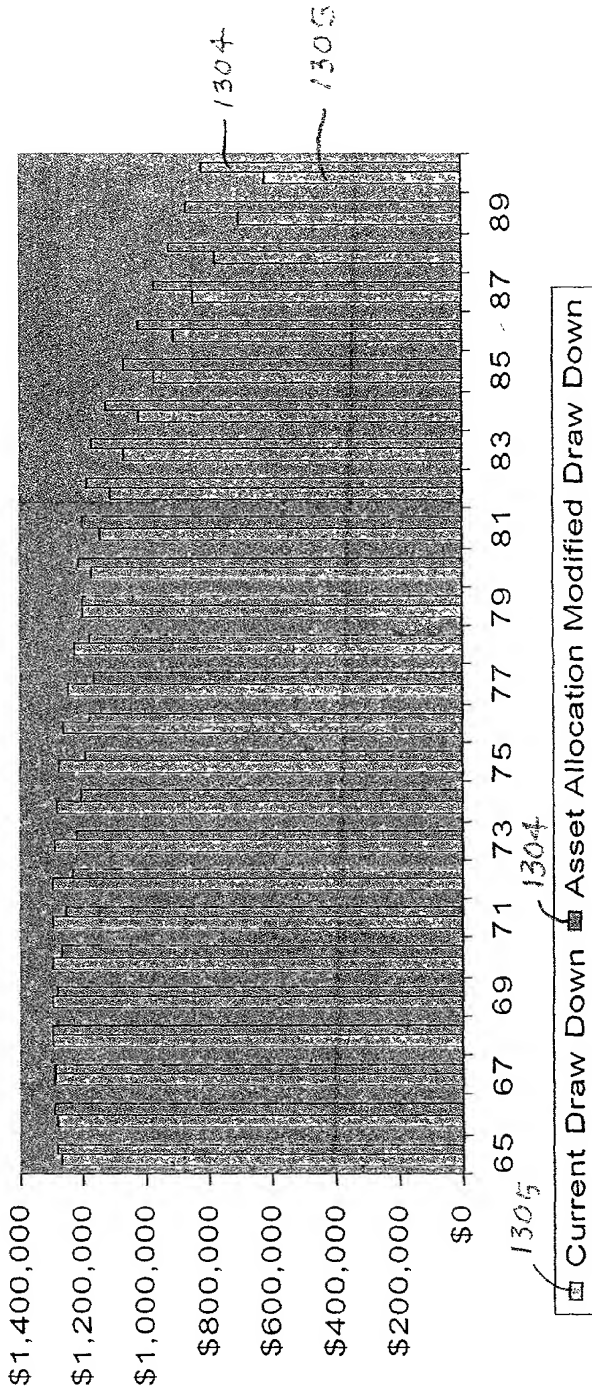
Current Draw Down Goal Modified Draw Down

# Alternative II: Modify Asset Allocation

By altering your asset allocation, you may increase the likelihood of meeting your lifestyle goal from 75% to 95%.

<u>Your Current Analysis</u>		<u>Schwab Alternative II</u>	
<u>unchanged</u>	<u>Asset Allocation</u>	<u>moderate</u>	
<b>\$590,000</b>	<b>Estate</b>	<b>\$620,000</b>	
25 years	Years In Retirement	25 years	
\$110,000	Income Goal	\$110,000	
<b>75%</b>	<b>Likelihood of Success</b>	<b>95%</b>	

## Modified Asset Draw Down



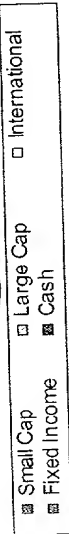
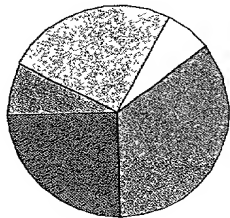


### Alternative Analysis II:

#### Moderate

Average Annual Return (1970-1999)

Best Year: 28.56% Worst Year: -9.78%

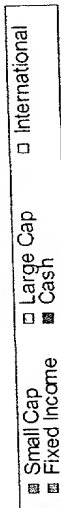
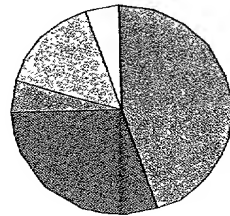


#### Current Analysis:

##### Your Portfolio

Average Annual Return\* (1970-1999)

Best Year: XX.XX% Worst Year: -X.XX%



\* Average annual return for a portfolio like yours.

An alternative to modifying your goals, may be to reallocate your portfolio.

By modifying the way your assets are allocated between asset classes you may be able to better meet your lifestyle goal in retirement.

Our analysis shows that you may be able to better achieve your goals with a more optimal asset allocation.

Additionally, your preferences indicate that ~~you~~ ~~would be comfortable~~ ~~assuming more risk which in this case may~~ increase your likelihood of achieving your goal in retirement from 75% to 95%.

#### Suggested Reallocation:

- ☒ Underweighted Small Cap \$ XX, XXX
- ☒ Underweighted Large Cap \$ YY, YYY
- ☐ Underweighted International \$ ZZ, ZZZ
- ☒ Overweighted Fixed Income \$ AA, AAA
- ☒ Overweighted Cash \$ BB, BBB

based on your time horizon  
You may benefit from altering  
your portfolio diversification  
to.

1404

1403

1402

## Alternative II: Action Plan

SMALL COMPANY HOLDINGS: OVERWEIGHTED \$689,831

## Individual Equities

Amount	% of Asset Class	Company Name (Sector)	I/B/E/S		S&P Rating	12 Month Total Return		Company	P/E
			Analyst Consensus	Buy		Company	Industry		
\$21,000	2%	Aeroflex Inc	(n/a)	(n/a)	(n/a)	-32.9%	-59.2%	22.0	11.5
\$47,500	5%	Electron(Defense) Applied Signal Technol...	(n/a)	(n/a)	(n/a)	49.2%	-59.2%	12.3	11.5
\$8,625	1%	Atlantic Pharmaceuticals	(n/a)	(n/a)	(n/a)	82.2%	-11.4%	--	37.3
\$19,500	2%	Hith Care(Drugs-Med) AutoImmune Inc	(n/a)	(n/a)	(n/a)	-40.5%	94.7%	--	63.1
\$15,813	2%	Biotechnology Biomura Inc	(n/a)	(n/a)	(n/a)	133.6%	94.7%	--	63.1
\$202,496	41%	Terayon Communications ... Communications Equip	█	(8)	(n/a)	104.2%	60.4%	--	80.9
\$0	<1%	Terex Corp	█	(10)	(n/a)	-7.6%	12.3%	5.3	22.1
\$5,344	1%	Machinery(Diver) United Parcel B'	█	(15)	★★	n/a	-3.1%	--	12.6
\$141,375	15%	Air Freight Wind River Systems Computers(Sftwr&Sv)	█	(5)	(n/a)	34.9%	26.3%	54.9	69.0

**Benchmark: RUSSELL 2000**

Buy/Sell  
Buy/Sell  
Buy/Sell

### Symbols

**TIP** This security is held in a tax-deferred account.

1502

Fig. 18

1601

## Alternative II: Action Plan (cont)

Prepared for: Susanna Sample  
August 5, 2000

## LARGE COMPANY HOLDINGS: OVERWEIGHTED \$258,552

## Individual Equities

Amount	% of Asset Class	Company Name (Sector)	I/B/E/S		S&P Rating	12 Month Total Return		P/E	
			Analyst Consensus	Strong Buy		Company	Industry	Company	Industry
\$68,813	9%	Fifth Third Bancorp Banks(Mj Regional)	□□□□	□	(22) ★★	-1.7%	-15.1%	30.9	15.7
\$51,375	7%	Intl Bus. Machines Computers(Hardware)	□□□□	□	(33) ★★★★★	23.1%	19.0%	27.3	39.7
\$6,800	1%	Lucent Technologies Communications Equip	□□□□	□	(42) ★★★★★	-1.2%	65.2%	81.6	85.9
\$23,344	3%	MCI WorldCom Telecomm(Lng Dist)	□□□□	□	(34) ★★★★★	-13.2%	-2.2%	32.4	33.6
\$9,413	1%	Novell Inc Computers(Sftwr&Sv)	□□□□	□	(10) ★★★★★	63.8%	26.3%	60.7	69.0
\$16,325	2%	Oracle Corp Computers(Sftwr&Sv)	□□□□	□	(35) ★★★★★	171.0%	26.3%	106.3	69.0
\$215,500	29%	Procter & Gamble Hsehold Prod(NonDuc)	□□□□	□	(22) ★★★★★	12.6%	13.2%	39.0	34.0
\$15,900	2%	Schwab(Charles)Corp Investment Bk/Bkng	□□□□	□	(14) ★★★★★	2.9%	8.8%	51.2	19.2
\$7,150	1%	Soletron Corp Electrical Equip	□□□□	□	(26) ★★★★★	63.1%	26.1%	59.0	38.3
\$14,550	2%	Tyco International Mfg(Diver)	□□□□	□	(19) ★★★★★	11.9%	15.1%	55.9	25.0
\$11,600	2%	Global Crossing Ltd Telecomm(Lng Dist)	□□□□	□	(9) ★★★★★	92.2%	-2.2%	112.8	33.6

Benchmark: SP500

10.4%

Buy/Sell

Buy/Sell

Buy/Sell

Symbols

TD This security is held in a tax-deferred account

1602

1701

## Alternative II: Action Plan (cont)

Prepared for: Susanna Sample  
August 5, 2000

**INTERNATIONAL HOLDINGS: UNDERWEIGHTED \$331,446**

## Individual Equities

		I/B/E/S		S&P		12 Month Total Return		P/E	
Amount	% of Asset Class	Company Name (Sector)	Analyst Consensus	Rating	Company	Industry	Company	Industry	
\$10,500	100%	Fletcher Challenge For ... Paper&Forest Prod	Sell <div><div></div><div></div><div></div><div></div><div></div></div> Strong Buy	(n/a)	-28.8%	18.7%	2.5	28.6	
		Benchmark: MSCIEAFEND							
Buy/Sell									
Buy/Sell									
Buy/Sell									

## Symbols

**TTD** This security is held in a tax-deferred account.

1702

Fig. 20

1901

WELLS FARGO

Alternative I: Action Plan (con't)

Prepared for: Susanna Sample  
August 5, 2000

FIXED INCOME HOLDINGS: UNDERWEIGHTED \$205,167

Buy/Sell

Buy/Sell

Buy/Sell

Symbols

☒ This security represents a Core Investment (Index Fund)

☒ This security is held in a tax-deferred account

(continued on next page)

1902

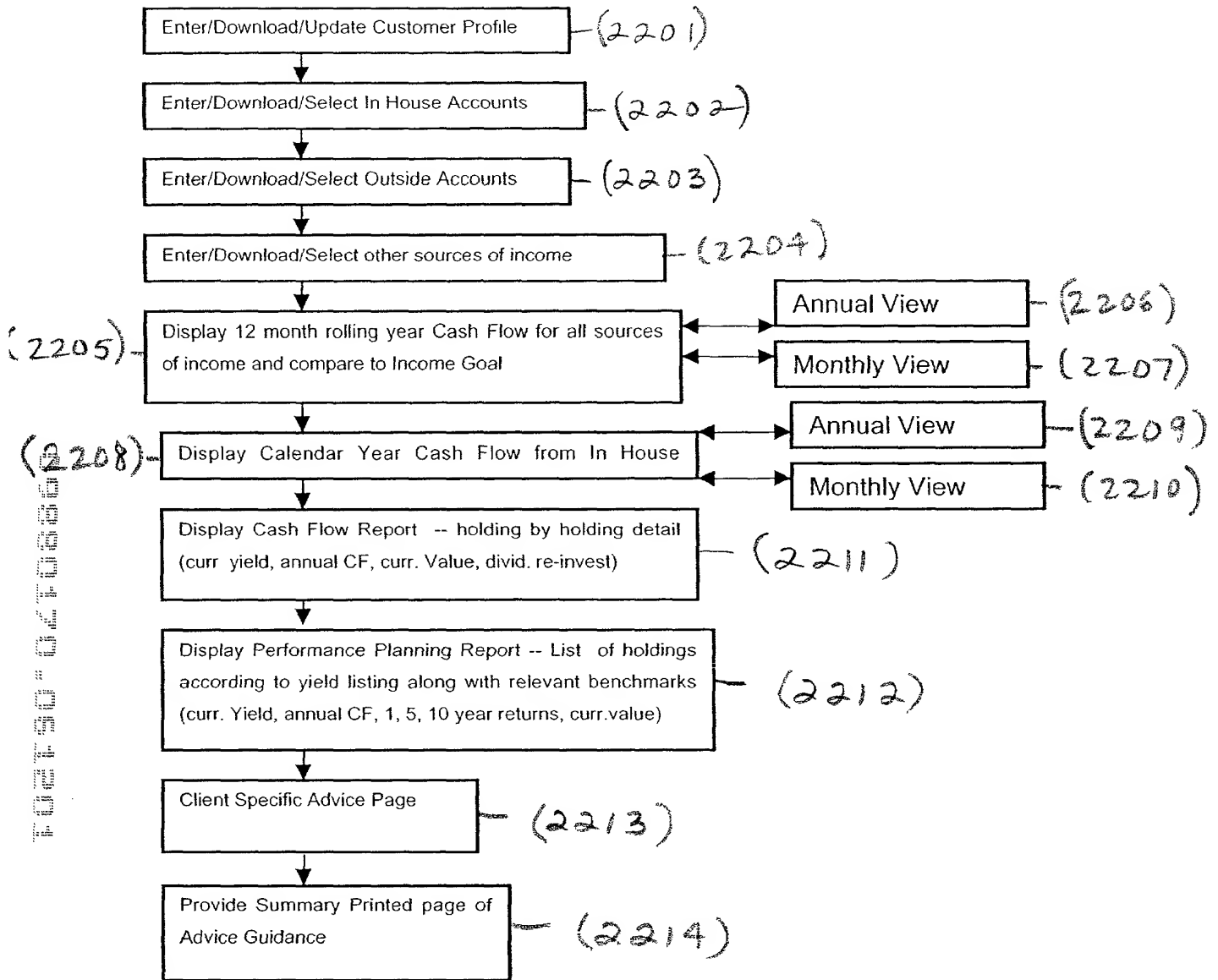


Fig. 22